








**Listing of Mailout Material
July 19, 2023**

-  **Cover Memo**
-  **Meeting Agenda**

I. Review and approve minutes of the meeting of June 21, 2023

-  **Minutes of June 21, 2023**

II. Carleton College

-  **Carleton College, Series 2023 Application**
-  **Application Review (and Preliminary Financing Plan)***
-  **Application Memorandum**
-  **Resolution Relating to the Application**
-  **(Application Review and) Preliminary Financing Plan***
-  **Resolution Relating to Financing Terms**
-  **Series Resolution**

III. Old Business

IV. New Business

V. Other Business

**Same document inserted twice for presentation purposes, as it covers both topics.*

MEMORANDUM



860 BLUE GENTIAN ROAD, SUITE 145, EAGAN, MN
55121

Date: 13 July 2023

To: Minnesota Higher Education Facilities Authority Board Members

From: Barry W. Fick, Executive Director

Subject: July 19, 2023, Authority Board Meeting Preview

The focus of the July 2023 Board meeting will be to consider both the Application and Finance Plan, as well as the related Resolutions, including the Series Resolutions for Carleton College. The Public Hearing for the Application of the College will also be held at this Board meeting.

Carleton College has applied for Financing to assist them with the demolition certain existing buildings and to design, construct, improve, equip, and furnish various facilities, including but not limited to, 11 student townhomes in two locations with a total of 184 beds, and an approximately 21,000 square foot multipurpose Student Health and Counseling Center. All of the projects are located on the Northfield campus of the College. The financing proceeds will also fund certain costs of issue on the bonds.

The Municipal Advisor representing Carleton College and MHEFA will be present to discuss the Application Review memorandum and the Finance Plan memorandum and answer questions. Members of the senior managing underwriter and the co-manager are expected to attend the meeting as well. Bond Counsel for the financing will attend and speak to the Application and Series Resolution and any other legal items for the financing.

We encourage in-person participation at the meeting, but if you are unable to attend in person, our video link system will be operating for this meeting. Instructions for accessing the video link are available with your Agenda materials.

Board Meeting Agenda

Wednesday, July 19, 2023

2:00 PM

Location: Carleton College Campus, Weitz
Creativity Center*

Individuals may request reasonable accommodation or modifications in order to participate in Authority programs by contacting the Authority at least 48 hours in advance of the event.

*Please note the location of this meeting

- I. Review and approve minutes of the meeting of June 21, 2023
- II. Carleton College
 - Conduct Public Hearing
 - Application Review – Blue Rose – Municipal Advisor
 - Application Memorandum – Taft – Bond Counsel
 - Resolution Relating to Application – Taft – Bond Counsel
 - Preliminary Financing Plan – Blue Rose – Municipal Advisor
 - Resolution Relating to Financing Terms – Taft – Bond Counsel
 - Series Resolution – Taft – Bond Counsel
- III. Old Business
- IV. New Business
- V. Other Business
 - Executive Director's Report
- VI. Adjournment
 - Tour of Carleton College Campus for In-Person Attendees Following Adjournment

*General Public may attend in-person at the address below,
via call-in number: 1-877-978-6969 Access Code: 318-870-721#
or through this link: <https://www.gomeet.com/318-870-721>*

Weitz Creativity Center, Room 236, located on 3rd Street and Union Street, on the Carleton College campus. 320 3rd Street E, Northfield, MN 55057



The Minnesota Higher Education Facilities Authority (the “Authority” or “MHEFA”) convened a Special Board meeting at 2:00 pm Central Daylight Time, Wednesday, June 21, 2023.

The Board is conducting this meeting subject to the Open Meeting Law by in-person, telephone, and interactive technology as allowed by Minnesota Statutes. Members participating in the meeting can hear each other and all discussion; members of the public can hear all discussion and votes; and all votes are conducted by a roll call. The board has made provision for the public to monitor the meeting electronically from a remote location. The board has provided notice of the meeting location, the fact that some members may participate by interactive technology, and of the public’s right to monitor the meeting electronically from a remote location.

The Authority Board meeting was held in the lower-level Conference Room at 860 Blue Gentian Road, Eagan, MN 55121. Executive Director Fick was physically present. Mr. Fick meets the state’s requirement for COVID-19 safety through vaccination, including boosters. The location and time of the meeting was duly published and posted on the Authority website and the door of the Authority office.

The public was able to attend the meeting in person, monitor the meeting by calling a toll-free number, and able to connect to the meeting using the video link.

Board members participated in the meeting in-person and by using a video link. The meeting link was sent to Board members prior to the meeting. The use of a video link as an allowable way to hold the Board meeting was confirmed by the State of Minnesota’s Data Practices Office staff prior to the meeting, following Minnesota Statute 13D.015. Board Chair Gary Benson attended in-person, as did Board member Nancy Sampair, meeting the non-pandemic requirements of one member attending in-person.

Executive Summary – Minnesota Higher Education Facilities Authority

Meeting on June 21, 2023 Board Actions Taken:

Motions:	Result:	Vote:
Approval of Meeting Minutes of May 17, 2023	Passed	Unanimous
Approve the proposed FY2024 Authority Budget	Passed	Unanimous
Approve the FY2024 Annual Fee Discount Recommendation	Passed	Unanimous
Approve the Slate of Authority Board Officers for FY2024	Passed	Unanimous

Resolutions	Result:	Vote:
Approve Resolution Relating to Financing Terms for St. Catherine University, Series 2023 Bonds	Passed	Unanimous
Approve Series Resolution Relating to St. Catherine University Series 2023 Bonds	Passed	Unanimous

The official meeting began with a roll call to determine who was attending the meeting. The following board members or their designees were participating and attending in-person (IP), by video link (“V”) or telephone (“T”):

Board Members: Gary Benson - IP
Mikeya Griffin - V
Nancy Sampair - IP
Mary Ives – V
David Rowland – V (2:35)
Mary Thao – V
Poawit Yang - V
Ray Vin Zant - V

Absent: Bonnie Anderson Rons
Paul Cerkenvenik

Other Attendees:

St. Catherine related: Nick Taylor, North Slope – V

Stephanie Chichester, North Slope – V
Peter Cooper, Taft Law – IP
Catherine Courtney, Taft Law – IP
Laura Janke, RBC Cap Mkts – V

Staff: Barry W. Fick, Executive Director, MHEFA – IP
Amanda Lee, Operations Manager, MHEFA – IP

Gary Benson, Chair, called the meeting order at 2:00 pm CDT. Executive Director Fick confirmed that a quorum was present.

Agenda Item I – Minutes of the May 17, 2023, Board meeting.

The first item on the agenda is the review and consideration of the minutes of the May 17, 2023, Authority Board meeting.

Chair Benson asked for a motion to accept and approve the May 17, 2023 Minutes. A motion was made by Ray Vin Zant to approve the May 17, 2023, minutes. The motion was seconded by Mary Thao. Chair Benson asked if there were any questions, discussion, or changes to the minutes of the May 17, 2023, Board meeting.

There were no questions or proposed changes to the minutes from Board members.

Chair Benson called for a vote regarding the approval of the minutes. A roll call vote was conducted, and the Board members voted as follows:

Board Members:	Gary Benson	Yes
	David Rowland	Yes
	Mary Thao	Yes
	Mary Ives	Yes
	Nancy Sampair	Abstain
	Ray Vin Zant	Yes
	Mikey Griffin	Yes

There were no votes against the motion and the Minutes of the May 17, 2023, MHEFA Board meetings were approved.

Agenda Item II – Summary of Performance Review of Executive Director Barry Fick

“A performance review of Executive Director Barry Fick was conducted during a closed session of the MHEFA Board on May 17th. The board discussed Barry’s performance for the past year, decided on a performance rating, and complimented Barry for his work at the Authority.”

Chair Benson asked if there were any questions, comments, or additional thoughts from Board members about the Performance Review of the Executive Director. Board members affirmed the accuracy of Chair Benson’s statement and noted with approval the work that Mr. Fick has conducted for the Authority and the private colleges and universities the Authority serves.

Agenda Item III – St. Catherine University Finance Plan and Series Resolution

Chair Benson asked Mr. Nick Taylor and Ms. Stephanie Chichester, both of North Slope Capital Advisors, serving as financial advisor to St. Catherine University (the “University”), to discuss the proposed financing plan. The financing is to fund renovations to Mendel Hall; renovating living and learning spaces with apartment and traditional housing; upgrading the academic learning and student experience spaces; improving the sustainability and efficiency of the University by modernizing its infrastructure and technology, all on the University’s St. Paul campus, and to fund up to 6 months of capitalized interest and pay costs of issuance.

The Series 2023 Bonds will be issued as a public sale, on a negotiated basis. RBC Capital Markets will be the sole underwriter for the Series 2023 Bonds. The Series 2023 Bonds will be structured as a combination of serial and term bonds. The principal will be structured so that when added to principal payments of outstanding debt, will result in somewhat level annual debt service.

Security for the Series 2023 Bonds will be a general obligation pledge by the University to charge fees and tuition sufficient to generate funds to pay debt service. There are no financial covenants related to the Series 2023 Bonds. There is no debt service reserve for the Series 2023 Bonds. The initial interest payment is expected to occur on October 1, 2023 and the initial principal payment is expected to occur on October 1, 2026. The final maturity is expected to be October 1, 2052.

The Bonds are rated by Moody's Investors Service. Moody's has assigned a rating of Baa1 with a negative outlook to the Bonds.

The Series 2023 Bonds are expected to be sold on June 28, 2023, with a closing on July 18, 2023.

Chair Benson also asked if there were questions for the North Slope representatives. There were a number of questions related to the project and options that were considered by the University. Mr. Taylor and MS Chichester provided answers to the questions from the Board that were responsive to Board member follow-up questions. After the questions and answers period was concluded, Chair Benson closed the Public Hearing.

Mr. Benson next called on Mr. Peter Cooper, Bond Counsel with the Taft Law Firm, to discuss the Resolution Related to Finance Terms for the Series 2023 Bonds. Mr. Cooper referred the Board members to the Resolution. Mr. Cooper described the various sections of the Resolution, noting that the Resolution establishes parameters for the bonds to be issued and authorizes the Authority, working with the University, its advisors, and the Underwriter, to proceed with the sale of the Bonds. The Resolution also authorizes the distribution of an Official Statement to provide investors with information to be used by them to make an investment decision.

After Mr. Cooper concluded his review of the Resolution, Chair Benson asked if there were any questions. There were no questions from Board members. Mr. Benson then called for consideration of the Resolution Relating to Financing Terms for St. Catherine University.

A motion to approve the Financing Terms Resolution was made by Nancy Sampair. The motion was seconded by Ray Vin Zant. Mr. Benson called on the Executive Director to conduct a roll call vote on the Resolution. A roll call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Mary Ives	Yes
Mary Thao	Abstain
Mikeya Griffin	Yes
Ray Vin Zant	Yes
Nancy Sampair	Yes
Poawit Yang	Yes

There were no votes against the Resolution Related to Finance Terms and the Resolution was approved.

Chair Benson asked Mr. Cooper to report on the Series Resolution for St. Catherine.

Series Resolution for the University. Mr. Cooper reviewed the Bond Counsel's Series Resolution Private Placement Program Resolution and memorandum, noting various items relating to tax law and highlighting a number of items that are pertinent to the financing.

Mr. Cooper noted that the Series Resolution includes the following elements:

- Outlines the parameters under which the Authority may issue the Bonds
- Recites the documents related to the Series 2023 Bonds
- Recites the authorization of the Authority to issue the Bonds
- Approves and authorizes execution of all required documents related to the Bonds
- Approves terms of the Notes and authorizes delivery of the Bonds
- Ratifies prior actions of the Authority related to the Bonds

Mr. Cooper concluded his presentation and asked if there were any questions. There were no questions related to the Series Resolution.

At the conclusion of Mr. Cooper's presentation, Chair Benson asked if there were any questions for Mr. Cooper regarding the Series Resolution. There were no questions.

A motion was made by Nancy Sampair to approve the Series Resolution relating to the Series 2023 Bonds for St. Catherine University. The motion to approve the Resolution was seconded by Mary Ives.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the Series Resolution related to the Series 2023 Bonds for St. Catherine University. A Roll Call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Mary Ives	Yes
Mary Thao	Abstain

Mikeya Griffin	Yes
Ray Vin Zant	Yes
Nancy Sampair	Yes
Poawit Yang	Yes

There were no votes against the motion and the Series Resolution Relating to the Series 2023 Bonds for St. Catherine University was approved.

Nick Taylor and Steph Chichester of North Slope, Laura Janke of RBC, and Peter Cooper and Catherine Courtney of Taft excused themselves from the meeting.

Agenda Item IV – FY2024 Administrative Items

FY2024 Proposed Budget

Chair Benson asked Operations Manager Amanda Lee to present and review the proposed FY24 Budget. Operations Manager Lee noted that the Board annually reviews the next fiscal year budget prepared by staff, adjusts the budget if it feels appropriate, and approves a budget for the coming Fiscal Year.

The FY2024 proposed budget shows an operating deficit. This is the result of revenues being lower than projected earlier and reflects the most current thinking on the size and number of bond issues to be undertaken in FY2024. Expenses are projected based on experience and projected compensation increases provided by Minnesota Management and Budget. The proposed FY2024 budget is conservative as a number of future expenses are not susceptible to accurate projections. In these cases, the estimated cost is adjusted to reflect the high side of a projected expenditure.

The operating deficit can be covered by either an adjustment to reduce the Authority fee discount or to use retained funds to pay expenses that exceed revenues. In addition, the Authority has prudently managed expenses in prior years, resulting in available funds for FY2024.

Mr. Benson asked if there were any questions about the FY2024 Budget. Board members asked about some of the line items in the budget, inquired about capital asset needs of the Authority and

about the process used to develop the budget. Staff answered the questions to the satisfaction of Board members and there were no additional questions about the FY2024 Budget.

Chair Benson asked Operations Manager Lee to discuss the staff recommendation for the FY2024 Fee discount. Ms. Lee noted that the Authority reviews multiple fee options to determine their effect on the operations of the Authority. She noted that the Authority has used a fee discount of 65% since 2017. This represents the longest term the Authority has been able to maintain a consistent fee discount.

The ability to maintain a consistent fee discount provides budgeting certainty for Authority borrowers. In the face of rising costs, Authority staff have been able to maintain the 65% fee discount through prudent management and timing of capital expenditures.

Ms. Lee noted that a fee discount of 59.22% would result in a balanced budget for FY2024, based on the operating budget presented. Staff recommends keeping the fee discount at 65%, and absorbing losses with accumulated funds or by reducing the investment portfolio.

Chair Benson asked for a motion to approve the FY2024 Fee discount at 65%.

A motion was made by Nancy Sampair to approve the FY2024 Fee discount of 65%. The motion to approve the Resolution was seconded by David Rowland.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the FY2024 Fee Discount of 65%. A Roll Call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Mary Ives	Yes
Mary Thao	Yes
Mikeya Griffin	Yes
Ray Vin Zant	Yes
Nancy Sampair	Yes
Poawit Yang	Yes

There were no votes against the motion and the FY2024 Fee Discount of 65% was approved.

Mr. Benson asked Operations Manager Lee and Executive Director Fick to discuss and present the proposed slate of Board officers for FY2024. It was noted that the Board annually elects 3 officers for the Board. They are the Chair, Vice-Chair and Secretary. For FY2024, Authority staff recommends the election of the following individuals:

Chair	David Rowland
Vice-Chair	Nancy Sampair
Secretary	Bonnie Anderson Rons

The staff has discussed with each of these individuals their interest in serving as an officer of the Authority Board. All of them have expressed a strong interest in serving in their respective positions on the Board for FY2024.

The goal of the staff in searching for Board Officers is to rotate members so everyone will have an opportunity to serve as a Board Officer. In addition, we strive to not overly burden Board members with multiple years or terms of service and look for the opportunity to bring to an officer position Board members who have either not previously been an officer or who have not recently been an officer on the Authority Board.

Chair Benson asked if Board members had questions for either the nominees or staff about the process or the persons nominated for officer positions. There were no questions or comments.

Chair Benson asked for a motion to approve the FY2024 Board Officer Slate of Candidates. A motion was made by Gary Benson to approve the FY2024 Board Officer Slate of Candidates. The motion to approve the Resolution was seconded by Ray Vin Zant.

Chair Benson called for a Roll Call vote regarding the approval and acceptance of the FY2024 Board Officer Slate of Candidates. A Roll Call vote was conducted, and the Board members voted as follows:

Gary Benson	Yes
Mary Ives	Yes
Mary Thao	Yes
Mikeya Griffin	Yes
Ray Vin Zant	Yes

Nancy Sampair	Yes
Poawit Yang	Yes

There were no votes against the motion and the FY2024 Board Officer Slate of Candidates was approved.

Agenda Item V – Old Business

Chair Benson asked if there were any Old Business items from Board members for discussion.

There were no Old Business items from staff or from Board members for discussion.

Agenda Item VI – New Business

Chair Benson asked if there were any New Business items from Board members for discussion.

There were no New Business items from Board members for discussion.

Agenda Item VII – Other Business

Chair Benson called upon Executive Director Fick to discuss Other Business.

Mr. Fick noted that this would be Gary Benson's term as Chair of the Authority Board concludes on June 30, 2023. Mr. Fick expressed his appreciation for Gary's service as Chair and noted that the Authority has recommended that Gary be reappointed to the Board as the Board member with expertise in construction and building.

Mr. Fick presented his Executive Director's report. It included the following items regarding staff and Authority activity and events and personnel changes at the schools.

Legislative Update

Mr. Fick noted he will be meeting with our legislative advisors on June 23 to discuss options for the 2024 legislative session.

Rating Agency Update

- Moody's Investors Service plans to conduct rating updates with a number of schools. We are working with the schools to prepare material for the update calls

Borrower Assistance and Financing Application Update

- We will be bringing Carleton's financing application to the Board in July for a Public Hearing, Application Review and Series Resolution consideration
- We are engaged in preliminary discussions with other schools about financing projects in the calendar year 2024 and 2025
- We continue collaborating with multiple schools on Moody's rating updates for during the summer of 2023

Borrower Staffing Update

No additional updates

Various

The Authority staff had a good discussion with our auditors at BerganKDV about the merger of the firm into Creative Planning LLC. We have been assured that there should be no change to our professional relationship with BerganKDV. The plan is for BerganKDV to be operated as a wholly owned subsidiary of Creative Planning LLC.

The Minnesota private colleges and universities are working on plans to accommodate the North Star Promise program, which provides full tuition assistance for attendance at public Minnesota colleges and universities if the student meets certain financial and academic requirements. The North Star Promise program is effective for Fall 2024.

Chair Benson asked if there was any Other Business to come before the Board. There was no Other Business for the Board to consider, and Chair Benson asked for a motion to adjourn the Board Meeting. The motion to adjourn was made by Mary Ives and the second provided by Nancy Sampair. The Board acted by voice vote to adjourn the meeting at 2:53 pm, Central Daylight Time.

Respectfully submitted,

Assistant Secretary

Application for Financing

Higher Education



Borrower Information

Name of Borrower: Carleton College

Date: May 23, 2023

Borrower Primary Contact Information:

Name Eric Runestad

Title Vice President and Treasurer

Email erunestad@carleton.edu

Phone 507-222-5412

Purpose of Financing (Select all that apply)

- ☒ Building acquisition, construction or renovation, site or equipment acquisition
- ☐ Refinancing of one or more Authority bond issues
- ☐ Refinancing of one or more indebtedness not issued by the Authority

Each of the following should be treated as a separate element and described separately, starting with "Project A." If not located on the main campus, please include the street address.

- each new building or complex of buildings (square footage, beds or floors)
- renovations associated with a particular building or site
- equipment that is not related to either the proposed new buildings or existing buildings that are to be renovated
- each Authority bond issue to be refinanced, specifying the series name
- each other indebtedness that is to be refinanced, specifying the date incurred, the lender and the capital project that was financed

Project A: **Student Housing**

Project B: **Student Health and Counseling Center**

Project C:

Project D:

Estimated Cost Summary

	Project A	Project B	Project C	Project D	Total
Construction cost	\$47,789,614	\$13,733,307			\$61,522,921
Architectural, engineering and consultant costs	\$3,859,106	\$1,685,869			\$5,544,975
Furnishings and equipment	\$4,056,391	\$1,920,054			\$5,976,445
Site acquisition					\$0
Principal amount of debt to be refinanced					\$0
Other (excluding issuance costs and reserves)	\$4,500,000	\$2,442,992			\$6,942,992
Total	\$60,205,111	\$19,782,222	\$0	\$0	\$79,987,333

Estimated Financing Summary

	Project A	Project B	Project C	Project D	Total
Amount of funds from other sources					\$0
Amount of project cost (excluding issuance costs and reserves) to be financed with Authority bonds	\$60,205,111	\$19,782,222			\$79,987,333
Principal amount of debt to be refinanced					\$0
Total	\$60,205,111	\$19,782,222	\$0	\$0	\$79,987,333

Please give the approximate dates of any of the following steps that have already been taken:

	Project A	Project B	Project C	Project D
Construction has started	April 11,2023			
Construction contract has been awarded	August 16, 2022	August 16, 2022		
Purchase contract for materials or equipment has been awarded	August 16, 2022	August 16, 2022		

Is any part of the facilities, now or in the future, to be managed or otherwise used by any person other than the borrower?

☐ Yes ☒ No

If you checked "YES," please describe briefly the location and extent of the use and whether the user is an exempt organization under Section 501(c)(3) of the Internal Revenue Code:

Will any of the following actions violate any provisions of the articles of incorporation, the bylaws or constitution of the borrower or of any affiliated organization, any existing mortgage, deed, contract or other agreement, or any state, local or federal law, rule, regulation or ordinance?

Entering into a loan agreement with the Authority for the repayment of bond proceeds?

☐ Yes ☒ No

Completing the proposed project or prepaying the Authority bonds or other debt that will be refinanced?

☐ Yes ☒ No

Entering into a mortgage or security agreement to secure repayment to the Authority?

☐ Yes ☒ No

Proposed Timing Summary

	Project A	Project B	Project C	Project D
Start date	April 11, 2023	June 17, 2024		
Completion date	August 31, 2024	August 31, 2025		
Acquisition date if the project is only for equipment				
Optional redemption date for refinancings				

How will this bond issue be sold?

- ☐ Competitive public sale
☒ Negotiated public offering
☐ Private placement
☐ Undecided

When do you wish to close on the bond issue?

- ☐ As soon as practical
- ☐ No later than:
- ☒ Not sooner than: **July 2023**

What is the expected source of funds to repay the loan of bond proceeds? (check all that apply)

- ☒ Operating funds
- ☒ Additional revenue from the project
- ☒ Gifts from private donors
- ☐ Grants from governmental sources
- ☐ Other

If repayment is not expected to be entirely from operating funds, state the approximate amount from the other sources and whether such funds are temporarily or permanently restricted in any way as to use:

Addition revenue from the project will cover approximately \$300K of the debt service (rising gradually each year). Income from an endowed, restricted gift will cover approximately \$800K of debt service expense (rising gradually each year)

Is credit or liquidity enhancement expected? (check all that may apply)

- ☐ Bond insurance
- ☐ Letter of credit
- ☐ Standby bond purchase agreement for tendered bonds
- ☐ Guaranty

What is the status of any application for the foregoing?

What are the preferred scheduled payment dates?

Month and earliest year for annual principal payments: **March 1 for principal payments, in alignment with**

Earliest month and earliest year for interest payments: **March and September for interest payments in ali**

Are revenues available to pay interest during the construction period?

☒ Yes

☐ No, interest should be capitalized for _____ months

☐ Not Applicable

The following two questions apply to all refinancings. Please select "Not Applicable" if this does not apply.

☒ Not Applicable

1. Has the original project been completed substantially in accordance with the plans and specifications?

☐ Yes

☐ No

2. Has there been a default by the institution or by any other party, in the performance of the covenants and conditions relating to the Authority bonds or other debt to be refinanced?

☐ Yes

☐ No

The following four questions apply to refinancing debt that is not Authority issued bonds. Please select "Not Applicable" if this does not apply.

☒ Not Applicable

1. Will the proposed refinancing enhance and preserve the borrower and the facilities being refinanced or utilization thereof for educational purposes?

☐ Yes

☐ No, because:

2. Will the proposed refinancing extend or adjust maturities to correspond to the resources available for their payment?

☐ Yes

☐ No, because:

3. Will the proposed refinancing reduce the tuition charges or fees imposed on students for the use of such facilities or costs met by state or federal funds?

☐ Yes

☐ No, because:

4. Will the proposed refinancing enhance or preserve educational programs and research or other facilities eligible to be a project or part thereof?

☐ Yes

☐ No, because:

The table below applies to refinancing debt that is not Authority issued bonds. Please check "Not Applicable" if this does not apply.

☒ Not Applicable

Statutory Maximum to Refinance Debt Other Than Authority Bonds

	Project A	Project B	Project C	Project D
(a) Original project costs				
(b) Principal amount of any debt (other than Authority bonds) to be refinanced				
(b) Accrued but unpaid interest on debt (other than Authority bonds) to be refinanced				
(b) Prepayment premium (or discount) on debt (other than Authority bonds) to be refinanced				
(c) Appraised value of project				
(c) Depreciated equipment				
Maximum allowable: the lesser of (a) original cost, (b) principal, interest and premium and (c) present value				

Check below if any of the projects are located in or involve any of the following:

- ☐ Riparian frontage
- ☐ Shoreland area
- ☐ Delineated flood plain
- ☐ State or Federally designated wild and scenic rivers district
- ☐ Minnesota River Project Riverbend area
- ☐ Mississippi River headwaters area

If there are any potential environmental issues, please summarize the major environmental issues:

Governmental Approval Summary

	Project A	Project B	Project C	Project D
Zoning variance or change	<input type="checkbox"/> not applicable <input checked="" type="checkbox"/> received <input type="checkbox"/> pending	<input checked="" type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending
Building permit	<input type="checkbox"/> not applicable <input checked="" type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input checked="" type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending
Other governmental approval	<input checked="" type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input checked="" type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending
Environmental Assessment Worksheet	<input checked="" type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input checked="" type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending
Environmental Impact Statement	<input checked="" type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input checked="" type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending	<input type="checkbox"/> not applicable <input type="checkbox"/> received <input type="checkbox"/> pending

If one or more governmental approvals are pending, please describe the status of the application process and whether approval is expected before the bond closing:

Building permits pending with the City, due to the start of the project happening until 2024. We will seek the permits after the bond closing.

Borrower Contact Information:

Legal name of corporate borrower and street address:

Carleton College, 1 North College Street, Northfield, Minnesota 55057

President of College or University:

Alison Byerly, President

Chief Financial Officer (please give name, title, preferred mailing address, telephone, fax and email address):

Eric Runestad, Vice President & Treasurer, 1 North College Street, Northfield, MN 55057
erunestad@carleton.edu 507-222-5412

Additional staff assisting with the project (please give name, title, preferred mailing address, telephone, fax and email address):

Attorney (please give name of firm and the responsible individual as well as preferred mailing address, telephone, fax and email address)

Ryan Blumhoefer, Law office of Schmitz-Ophaug LLP, 220 Division Street. S., Northfield, MN 55057,
507-645-9541, ryan@sodlaw.com

Independent Auditor (please give name of firm and the responsible individual as well as preferred mailing address, telephone, fax and email address)

Clifton Larson Allen 220 s 6th St, ste. 300, Minneapolis, MN 55402. 612-397-3023
Diedre Hodgson, Diedre.Hodgson@claconnect.com

Description of Accreditation and Degrees:

If the principal institutional accreditation is not North Central Association of Colleges and Secondary Schools, please state the principal accreditor:

Higher Learning Commission

Degrees conferred are:

- | | | |
|---|--|--|
| <input type="checkbox"/> Associate of Arts | <input type="checkbox"/> Master of Business Administration | <input type="checkbox"/> Doctor of Public Administration |
| <input type="checkbox"/> Associate of Applied Science | <input type="checkbox"/> Master of Education | <input type="checkbox"/> Doctor of Psychology |
| <input type="checkbox"/> Associate of Science | <input type="checkbox"/> Master of Fine Arts | <input type="checkbox"/> Juris Doctor |
| <input checked="" type="checkbox"/> Bachelor of Arts | <input type="checkbox"/> Master of Science | <input type="checkbox"/> Others: |
| <input type="checkbox"/> Bachelor of Fine Arts | <input type="checkbox"/> Master of Social Work | |
| <input type="checkbox"/> Bachelor of Music | <input type="checkbox"/> Master of Physical Therapy | |
| <input type="checkbox"/> Bachelor of Music Education | <input type="checkbox"/> Doctor of Chiropractic Medicine | |
| <input type="checkbox"/> Bachelor of Science | <input type="checkbox"/> Doctor of Education | |
| <input type="checkbox"/> Master of Arts | <input type="checkbox"/> Doctor of Philosophy | |

Religious Affiliations

1. Does the institution receive support from any church body?

☐ Yes ☒ No

2. Does a church body or religious order control the election of any trustees or officers?

☐ Yes ☒ No

3. Is the consent of any religious order or any other corporation necessary before the institution may sell or mortgage its property or borrow money?

☐ Yes ☒ No

4. Are there any religious qualifications for faculty appointments?

☐ Yes ☒ No

5. If the institution teaches courses in religion or theology, does the institution confer a theology degree or otherwise prepare students for a religious vocation?

☐ Yes ☒ No

6. If the institution teaches courses in religion or theology, does the institution teach the distinctive doctrines, creeds or tenets of any particular religious sect?

☐ Yes ☒ No

7. Are the students required to attend chapel or other religious service?

☐ Yes ☒ No

Please explain if you have answered "YES" to any of the foregoing seven questions:

Teaching and Admission Standards

1. Does the institution and its faculty subscribe to the Statement of Principles of Academic Freedom promulgated by the American Association of University Professors and the Association of American Colleges?

☒

Yes

☐

No

2. Are all courses of study, including any religion and theology courses, at the institution taught according to the academic requirements of the subject matter and the individual instructor's concept of professional standards?

☒

Yes

☐

No

3. Does the institution admit students without regard to race, color, religion or national origin?

☒

Yes

☐

No

Please explain if you have answered "No" to any of the foregoing three questions:

No Discriminatory Practices

1. Does the institution unlawfully discriminate in any manner in the full utilization or benefit of the institution or its services because of gender, race, color, creed, national origin or other basis?

☐

Yes

☒

No

2. Does the institution expel, limit or otherwise unlawfully discriminate against enrolled students because of gender, race, color, creed, national origin or other basis?

☐

Yes

☒

No

3. Does the institution unlawfully discriminate in hiring, promotion, salary, and assignments or in any other matter in its employment practices, because of gender, race, color, creed, national origin or other basis?

☐

Yes

☒

No

Please explain if you have answered "Yes" to any of the foregoing three questions:

LIST OF EXHIBITS

(please number consecutively)

For traditional undergraduate and graduate programs and any nontraditional programs that provide substantial revenue: (A) Enrollment information (head count and full-time equivalent) submitted to the Office of Higher Education for the five-year period immediately preceding this application, (B) Projected head count and full-time equivalent enrollment for the five-year period following this application and (C) Applications, acceptances and matriculations for first year students during the past five fall terms.

☒ attached as Exhibit A

☐ not attached because project is for equipment only under lease program

Most recent published tuition, room and board fee schedule, and any supplemental charges.

☒ attached as Exhibit B

☐ not attached because project is for equipment only under lease program

List of all outstanding indebtedness (excluding debt that will be refinanced with new Authority bonds), including interest rates, amounts, repayment schedule and description of the mortgage or other collateral securing payment.

☒ attached as Exhibit C

☐ not attached because project is for equipment only under lease program

Description of any debt limitation, covenant or restriction to which the institution is subject, with a statement by the Chief Financial Officer and supporting calculations as to compliance with such debt limitation, covenant or restriction.

☐ attached as Exhibit N/A

☐ not attached because project is for equipment only under lease program

Audited financial statements for each of the past five fiscal years. May be provided by reference to your website (please state specific website address below), sent electronically, or on a labeled CD (mailed or delivered).

☐ attached as Exhibit

☒ Website address: carleton.edu/business/gen-acct/tax-info/

Current operating budget.

☒ attached as Exhibit D

Current college catalog for undergraduate and graduate programs. May be provided by reference to your website (please state specific website address below), sent electronically, or on a labeled CD (mailed or delivered).

☐ attached as Exhibit

☒ Website address: carleton.edu/admissions/explore/majors/

Current faculty handbook. Please provide the website address, send electronically, or on a labeled CD (mailed or delivered).

☐ attached as Exhibit

☒ Website address: carleton.edu/handbook?a=faculty

List of current board members and officers.

☒ attached as Exhibit E

Copy of the current articles of incorporation. If the institution was incorporated under a special act, a copy of the special act with all amendments should be provided. Please include any amendments that are expected to be proposed for approval.

☒ attached as Exhibit F

Copy of the current bylaws of the corporation. Please include any amendments that are expected to be proposed for approval. Please include any other similar corporate guidelines such as a "constitution".

☒ attached as Exhibit G

Copy of the articles of incorporation and bylaws of any affiliated religious or other organization that must approve any action by the institution to sell or mortgage its property or to borrow money.

☐ attached as Exhibit

☒ not applicable

Copy of the most recent ruling or letter from the Internal Revenue Service confirming that the institution is an organization described in Section 501(c)(3) of the Internal Revenue Code.

☐ attached as Exhibit H

Copy of the most recent letter from the Office of Higher Education confirming registration under Minnesota Statutes, Section 136A.61 to 136A.71.

☐ attached as Exhibit I

Description of any pending litigation that is uninsured and would have a material adverse financial impact if resolved against the institution. In addition, please describe any charge filed against the institution by a state or federal agency or any individual or group alleging unlawful discrimination by the institution.

☐ attached as Exhibit

☒ no pending litigation

Either (A) a copy of a survey of the site (as built, if this is a refinancing) of the project, including the related legal description or (B) a plat map or other depiction of the project site that clearly shows the location of existing and proposed buildings and the relationship to a legal description. If a mortgage is necessary for this financing, a survey will be required and it must show any right-of-way necessary for access by the mortgagee or new owner to a public street or highway and all easements and other legal encumbrances.

☒ attached as Exhibit J

☐ arrangements for a survey or plat map will be made before bonds are offered for sale

☐ not attached because project is for equipment only under lease program

Either (A) a commitment to issue a title insurance policy in an owner's or mortgagee's form or (b) a preliminary opinion of title based upon an examination of real estate records covering the project site and certified to within approximately 30 days of the date of the opinion. All exceptions, liens and encumbrances should be noted on the commitment or opinion. The evidence should indicate that title or suitable ownership interest is held by the institution or a seller of any real estate to be acquired with this financing.

- ☒ attached as Exhibit K-1
- ☐ arrangements for evidence of ownership will be made before bonds are offered for sale.
- ☐ not attached because project is for equipment only under lease program

Copy of the resolution of the governing board (or the executive committee) of the institution in a form similar to Attachment A declaring official intent to reimburse itself from bond proceeds and authorizing submission of the Application.

- ☒ attached (showing the effective date) as Exhibit L
- ☐ not attached but will be adopted on _____ (must be before public hearing)
- ☐ not applicable because this application is solely for refunding Authority bonds.

Copy of the resolution of the governing board (or the executive committee) of the institution in a form similar to Attachment B authorizing submission of this Application.

- ☒ attached (showing the effective date) as Exhibit M
- ☐ not applicable because a resolution similar to Attachment A is submitted

Certification by the architect in a form similar to Attachment C that the estimated costs of the items comprising the total structure costs are considered to be realistic and have been made according to accepted architectural practices for developing preliminary estimates.

- ☒ attached as Exhibit N
- ☐ not applicable because no construction or significant renovation is proposed

The following exhibits apply only to refinancing of debt that is not Authority bonds. Please select "Not Applicable" if this does not apply.

- ☒ Not Applicable

Copy of all loan agreements, promissory notes, financing agreements, indentures, mortgages or other documents relating to the debt (that is not Authority bonds) to be refinanced, together with all amendments or modifications. May be provided on a labeled CD.

- ☐ attached as Exhibit _____

Copy of all leases, management agreements, use agreements or other documents relating to the capital project originally financed by the debt (that is not Authority bonds) to be refinanced, together with all amendments or modifications. May be sent electronically or provided on a labeled CD (mailed or delivered).

- ☐ attached as Exhibit _____

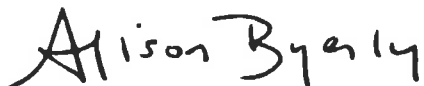
Copy of current appraisal of capital project originally financed by the debt (that is not Authority bonds) to be refinanced prepared by an appraiser with the MAI designation or the equivalent.

- ☐ attached as Exhibit _____

Signature and Certifications

The undersigned officers of the borrower hereby certify that the Application, including the enclosed exhibits are complete and correct. We have reviewed and hereby accept the terms of the Indemnity Agreement as set forth in Attachment D.


(Chief Executive Officer)

Signature: 

Title: President, Carleton College

And

(Chief Financial Officer)

Signature: 

Title: Vice President and Treasurer

Date of this Application: 6/2/23

Delivery Instructions

The following two items must be received by the Authority in order to proceed with the financing:

☐ Signed Application, together with exhibits, for the Authority

- Email to bwf@mnhefa.org (cc: agl@mnhefa.org)
- Signed Application, together with exhibits, will be forwarded by the Authority to Bond Counsel and the Financial Advisor

☐ \$1,000 Application Fee

- Checks should be made payable to: Minnesota Higher Education Facilities Authority
- Mail or Deliver check to:

Minnesota Higher Education Facilities Authority

380 Jackson Street, Suite 450

Saint Paul, MN 55101

651-296-4690

- Electronic payment is also available. Please contact the Authority for banking information if preferred.

INDEMNITY AGREEMENT

Terms and conditions relating to any application by a nonprofit corporation, as operator of an institution of higher education (the "College") in the State of Minnesota for financing through the Minnesota Higher Education Facilities Authority (hereinafter called the "Authority"), an agency of the State of Minnesota.

1. For purposes of the Indemnity Agreement, the following terms are assigned the meaning set forth below:

"Act" means Minnesota Statutes, Section 136A.25 to 136A.42, as amended.

"Authority, its agents and representatives" includes any member or officer of the Authority, any employee of the State of Minnesota assigned to work with or for the Authority on a full time or part time basis, the Authority's financial advisor, the Authority's bond counsel, and, if approved by the College, any other consultant employed by the Authority in connection with the project.

"Bonds" includes bonds, notes and lease obligations.

"Bond counsel" means any law firm appointed by the Minnesota Attorney General's Office to act as bond counsel for the Authority.

"Financial advisor" means any firm appointed by the Authority to provide financial advisory services with respect to bonds of the Authority.

2. The College has submitted an application to the Authority for financing assistance under the Act, together with exhibits thereto (collectively, the "Application"). Such Application is true and complete in all respects, and if any change or event shall occur to make the Application untrue, incomplete or misleading, or if the College shall discover that the Application is untrue, incomplete or misleading, the College will notify the Authority promptly in writing.

3. The College will indemnify and hold the Authority, its agents and representatives harmless from any loss, liability or expense which they or any of them may incur or suffer as a result of (a) any untrue, incomplete or misleading statement or information provided or approved by the College and contained in the Application or subsequently furnished to the Authority, its agents or representatives or (b) any statement or information relating to the College, the College's project or operations of the College contained in any Official Statement or other public or private offering document approved by the College in connection with the issuance or sale of bonds for the College, if such statement or information is untrue or incorrect in any material respect or if there is an omission of any statement or information which should be contained therein or which is necessary to make the statements therein relating to the College, the College's project or the College's operations not misleading in any material respect.

4. Any written item furnished by an officer, director, trustee or employee of the College or by an architect, engineer, attorney or other consultant designated by the College in the Application or otherwise as being consultant to the College in respect of the project, shall be deemed to have been furnished by the College. Any item prepared by the Authority, its agents and representatives shall be deemed to have been approved by the College, if approved orally or in writing, (i) by an officer of the College or of its governing board or (ii) by a person designated as an authorized representative of the College by an officer of the College or of its governing board.

5. The College reserves the right to withdraw its Application any time before the Application is approved by the Authority, which approval shall be evidenced by a resolution of the members of the Authority at a regular or special meeting of the Authority. However, the Application fee, where required, is non-refundable whether or not the Application has been withdrawn and whether or not any bonds are issued for the College as proposed in the Application. However, any application fee will be credited against the first annual administrative fee.

6. The College understands that bond counsel and the financial advisor will use their best efforts in completing the financing pursuant to the Act. Without limiting the generality of the foregoing:

(a) The financial advisor is authorized (i) to investigate the feasibility of the project and the financing thereof, (ii) to make recommendations with respect thereto to the Authority and the bond counsel, (iii) to prepare, in consultation with the College and the bond counsel, an Official Statement describing the bonds, the project and the College and (iv) to present information respecting the College, the project and the bonds to any other person having a legitimate present or prospective interest in the project or bonds, including any investment banker, federal agency, bond rating agency, credit enhancement provider, or financial or other information media.

(b) The bond counsel is authorized (i) to investigate all legal questions respecting the College and the acquisition and financing of the project, (ii) to examine the corporate documents respecting the organization of the College, abstracts of title, construction contracts, leases and other agreements relating to the College or project, (iii) to render opinions on any such matters to the Authority, the financial advisor, the College or any other person having a legitimate present or prospective interest in the project or bonds, and (iv) to prepare forms of (A) Agreement between the Authority and the College, (B) Trust Indenture by the Authority to a trustee for the bondholders, (C) other related documents, (D) Resolutions to be adopted by the Authority and the College relating to the foregoing, and (E) any amendment or supplement to any of the foregoing deemed necessary or desirable by bond counsel.

(c) The Authority intends (i) to review all such recommendations, opinions and documents relating to the financing, (ii) to review all such additional documents as may be furnished by the College, and (iii) to present information respecting the College, the project and the bonds to any person having a legitimate present or prospective interest in the project or bonds.

7. The College agrees to pay the reasonable fees and expenses of the bond counsel and financial advisor and, if approved by the College, of any consultant employed by the Authority for services rendered after submission of the Application and any out-of-pocket expenses incurred by them on account of the project. The College further agrees to pay any out-of-pocket expenses incurred by the Authority on account of the project. The agreements on the part of the College contained in this paragraph 7 shall be enforceable by the Authority and by the financial advisor, bond counsel and (if approved by the College) other consultant employed by the Authority, whether or not the Application is approved or the project completed or bonds issued by the Authority and, without regard to cause.

8. The College agrees (i) to furnish as promptly as possible all information requested by the Authority, its agents and representatives, (ii) to make available to the Authority, its agents and representatives, all books and records, contracts, documents and reports of the College pertaining to the project and the organization and financial condition of the College, and (iii) to review all documents prepared by the Authority, its agents and representatives, as contemplated by paragraph 7, and communicate approval or request changes as the College may deem necessary or appropriate in its own best interests.

9. The Authority may terminate progress towards issuing bonds at any time and for any reason including: (a) failure by the College to perform the actions specified in paragraph 8, (b) the Application or other materials furnished by the College contains statements or omissions which are materially false or misleading, (c) either the College's project or issuing bonds for the College's project is not economically feasible, (d) the College is not an eligible institution under the Act or (e) the project is not an eligible project under the Act. Before the Authority terminates a financing under this paragraph 9, it shall notify the College at least 10 days in advance of the date of the Authority's regular or special meeting at which termination will be considered and to provide a reason for the termination. The College shall have the right to appear at such meeting and object in person or by writing to the proposed action of the Authority. The College agrees that the action of the Authority shall be final and binding upon the College.

10. The College has the right to terminate, for any reason and without cause, the financing at any time before bonds are sold by the Authority. Copies of such notice shall be sent to the Authority, its bond counsel, financial advisor and any other consultant employed by the Authority for the financing. Thereafter, the Authority's bond counsel, financial advisor and any other consultants shall not render further services, and neither they nor the Authority shall incur further expenses for the account of the College relative to the financing, except such minor services and expenses as may reasonably be required to wind up and protect the work done to the date of receipt of notice.



BLUE ROSE

CAPITAL ADVISORS

July 11, 2023

Minnesota Higher Education Facilities Authority
Mr. Barry W. Fick, Executive Director
860 Blue Gentian Road, Suite 145
Eagan, MN 55121

Dear Mr. Fick & Authority Board Members:

As the independent registered municipal advisor for Carleton College (“Carleton” or the “College”), we are pleased to provide the following review of the application submitted by the College to the Minnesota Higher Education Facilities Authority (“MHEFA” or the “Authority”) and a summary of the preliminary plan of finance for the College’s proposed Series 2023 Bonds (“the 2023 Bonds”). The College plans to issue the 2023 Bonds to generate new money proceeds for several projects on campus, detailed further below. Summary information about the financing is shown below, followed by further detail regarding Carleton’s current credit and debt profile along with a more detailed review of the full plan of finance.

Summary of Carleton College Series 2023 Financing

Estimated Par Amount (as of 7/11/23)*	\$70,000,000
Financing Purpose	New Money
The Projects	New Student Townhomes (~\$57.2M) Student Health and Counseling Center (~\$18.8M)
Anticipated Pricing Date*	TBD (Estimated: mid-August)
Anticipated Closing Date*	TBD (Estimated: early September)
First Interest Payment Date	March 1, 2024
First Principal Payment Date	March 1, 2031
Final Maturity Date*	March 1, 2053
Lead Underwriter	Barclays
Co-Managing Underwriter	RBC Capital Markets
Bond Counsel	Taft Stettinius & Hollister

** Preliminary; subject to change*

Based on our review of the project and preliminary financing plan (detailed further on the following pages), Blue Rose is confident that the financing can be successfully marketed by the underwriters and the resulting debt service can be funded comfortably by the College. We will also be attending the Authority’s meeting on Wednesday, July 19th to present our review of the College’s application and the plan of finance summary, as well as to answer any questions on the information contained in this letter.

Sincerely,

Max Wilkinson, Vice President

Erik Kelly, President



Carleton College

Founded in 1866, the College is a private, co-educational, residential liberal arts college. The College is a national college enrolling approximately 2,007 students drawn from nearly all 50 states and over 35 different countries.

The College is a four-year college that offers the Bachelor of Arts degree. Widely regarded as a top college for undergraduate teaching, Carleton is known for its academic rigor, intellectual curiosity, and sense of humor. Its students can choose from more than 1,000 courses in 33 major fields of study across mathematics, the arts, humanities, natural sciences, and social sciences, as well as numerous interdisciplinary programs, off-campus study programs, area studies or concentrations. The College occupies 1,040 scenic acres of campus, arboretum, and athletic fields, located in Northfield, Minnesota, roughly 40 miles south of Minneapolis and Saint Paul.

Enrollment and Demand

The College's full-time enrollment and application trends for the last ten fall semesters are provided below. Carleton has maintained a relatively stable enrollment over this timeframe, with a slight decline in fall 2020 (the result of a smaller incoming class at the onset of the COVID-19 pandemic combined with a large graduating class in 2020) that is expected to return to pre-COVID levels after the smaller class of 2024 graduates. Selectivity and application totals have also improved over the past decade, culminating in an acceptance rate of 16.6% from a pool of 8,583 applicants for the most recent incoming freshman class in fall 2022.

<u>Year</u>	<u>Applicants</u>	<u>Acceptances</u>	<u>Matriculants</u>	<u>Acceptance Ratio</u>	<u>Matriculation Ratio</u>	<u>FTE Enrollment</u>
2013-14	7,045	1,476	527	21.0%	35.7%	2,023
2014-15	6,297	1,434	521	22.8%	36.3%	2,042
2015-16	6,722	1,388	491	20.6%	35.4%	1,995
2016-17	6,485	1,467	567	22.6%	38.7%	2,045
2017-18	6,499	1,378	522	21.2%	37.9%	2,023
2018-19	7,092	1,407	529	19.8%	37.6%	2,046
2019-20	7,382	1,400	525	19.0%	37.5%	2,069
2020-21	6,892	1,460	453	21.2%	31.0%	1,918
2021-22	7,915	1,389	555	17.5%	40.0%	2,008
2022-23	8,583	1,427	532	16.6%	37.3%	2,007

Source: Carleton College Annual Continuing Disclosure Reports



Summary of Outstanding Debt

As of June 30, 2023, the College had \$103,445,000 of outstanding debt issued by the Authority for the College's benefit as shown below:

Minnesota Higher Education Facilities Authority: Long Term Debt

Issue Date	Issue	Original Par Amount	Par Amount 6/30/2023	Final Maturity	Mode	Purpose
5/24/2017	MNHEFA Revenue and Refunding Bonds, Series 2017	\$124,900,000	\$103,455,000	3/1/2047	Fixed	Various New Money Projects; Current Refunding of Series Five-G; Advance Refunding of Series Six-T and Seven-D
Total Par Amount		\$124,900,000	\$103,455,000			

Source: Carleton College FY 2022 Audited Financial Statements

While the proposed Series 2023 issuance of approximately \$70 million in principal amount represents an increase in leverage for Carleton (increasing its total debt burden by roughly 62%), we do not expect this increase to create any difficulties for the College given its healthy and strong financial position. Carleton's pro forma Total Cash and Investments to Debt ratio (based on Total C&I at the end of FY 2022) after the Series 2023 issuance is approximately 7.52x, which remains comfortably above the FY 2022 "Aa" category Moody's median ratio of 5.11x. In Moody's most recent annual comment on Carleton published in November 2022, the new financing was considered in their review of the College's credit position, but the rating agency stated that even with the new issuance Carleton's leverage "will remain low compared with peers." Additionally, the report highlighted the "robust coverage of both total adjusted debt and operating expenses" provided by the College's strong balance sheet. A summary of Carleton's current and pro forma annual debt service requirements is attached for reference as Exhibit A.

Credit Rating

The College is currently rated "Aa2" with a stable outlook by Moody's Investor's Service ("Moody's"). This rating was most recently confirmed through an annual comment published by Moody's in November 2022, attached here for reference as Exhibit B. An update call with the rating agency occurred on June 28, 2023, and an updated rating report is anticipated to be published in advance of MHEFA's upcoming meeting on July 19th.



The Projects

Carleton intends to utilize the proceeds of the 2023 Bonds to fund various improvements to the College's Northfield campus, including the demolition of existing buildings and the design, construction, renovation, improvement, and equipment of new student housing facilities along with a Student Health and Counseling Center. The projects will be financed through a combination of bond proceeds, College funds, and fundraising, and will be developed in two phases ("Phase A" and "Phase B"). Further details about the projects are provided below.

Phase A

Phase A of the College's projects consists of the following items:

- i) Construction of 107 new student beds near the Recreation Center at the former Lilac Hill
- ii) Demolition of Hunt Cottage and Hall House
- iii) Construction of 33 new student beds at the former Hunt Cottage/Hall House location, including integrated space for both a Black Center and a Multicultural Center.

Construction on elements of Phase A began in April 2023, and the College expects this phase of the projects to be completed in August 2024.

Phase B

Phase B of the College's projects consists of the following items:

- i) Demolition of Henry, Stimson, Williams, Berg, Clader, and Hernickson Houses
- ii) Construction of 44 new student beds
- iii) Construction of a new multi-purpose building to house Student Health and Counseling, Office of Accessibility Resources, Title IX, Community Standards, and Human Resources

Construction of Phase B is expected to commence in June 2024, and the College anticipates it to reach completion in August 2025.

The College's new housing units are designed and built to meet 'passive house' (or PHIUS, Passive House Institute of the US) standards, which is a highly energy efficient building standard. PHIUS standards include thick exterior walls, maximum insulation, and energy recovery ventilation that yield significant energy savings, carbon reduction, and excellent indoor air quality. With the addition of rooftop solar, the majority of the housing units will also be co-certified as Department of Energy Net Zero Energy Ready Homes (DOE ZERH). The Student Health and Counseling Center will be constructed to meet LEED Gold, which is the campus standard for construction.



Preliminary Financing Plan Summary

Minnesota Higher Education Facilities Authority

\$70,000,000*

Revenue Bonds, Series 2023

(Carleton College)

This preliminary financing plan summary represents Blue Rose Capital Advisors' review of the planned financing structure and is based on the most recent discussions with the College, the underwriters, and the Authority relating to the plan of finance. The College plans to issue long-term fixed rate bonds to fund its projects. The 2023 Bonds are expected to amortize over 30 years with a final maturity of March 1, 2053. The Bonds are anticipated to be structured so as to generate level annual debt service requirements after the commencement of principal amortization; however, an extended interest-only period (until the first payment of principal on March 1, 2031) is planned in order to minimize the short-term increase to total annual debt service for Carleton. Beginning in FY 2031, annual debt service requirements on the College's outstanding Series 2017 bonds meaningfully decrease, and as such the interest-only period will provide for more uniform annual debt service requirements on a portfolio level for Carleton, as demonstrated in the attached Exhibit A. The structure indicated below is preliminary and remains subject to revision prior to the pricing of the 2023 Bonds, which is expected to occur in mid-August of 2023.

Issuer: Minnesota Higher Education Facilities Authority

Borrower: Carleton College

Purpose: The College will use the proceeds of the 2023 Bonds to finance or reimburse itself for a portion of the costs of the following:

- 1) Demolition of certain existing buildings and design, construction, renovation, improvement, and equipment of:
 - a) New student housing facilities
 - b) A Student Health and Counseling Center
- 2) Payment of certain costs of issuance

Type of Sale: The 2023 Bonds will be sold through a negotiated, public underwriting. The College has selected Barclays as the lead underwriter for the financing, and RBC Capital Markets will serve as co-managing underwriter. The Bonds will be issued as federal and State of Minnesota tax-exempt fixed rate bonds.

Issue Size: The estimated total par amount of the 2023 Bonds is \$70,000,000*, and will be used to fund the Projects and pay the costs of issuance. The estimated par amount of the 2023 Bonds is less than the Authority's not-to-exceed amount



of \$76,000,000, and the College has no plans or desire to exceed this borrowing total.

**Preliminary; subject to change*

Costs of Issuance: Costs of issuance of up to 2% of the par amount of the 2023 Bonds may be funded with tax-exempt proceeds. Actual costs of issuance are not expected to exceed 2% of the par amount of the 2023 Bonds.

Bond

Denominations: Bond denominations will be \$5,000 and increments thereof.

Expected Pricing

Date: TBD (Anticipated: Mid-August 2023)

Expected Closing

Date: TBD (Anticipated: Early September 2023)

Interest Payments: Semi-annually, beginning March 1, 2024.

Principal Payments: Annually beginning on March 1, 2031, with a final maturity of March 1, 2053.

Amortization: The 2023 Bonds are expected to be structured to generate level annual debt service payments after the end of the interest-only period in FY 2031.

Redemption

Provisions: Optional Redemption: The College shall have the option to prepay the 2023 Bonds maturing on or after March 1, 2034 at any time, in whole or in part, without penalty beginning on or after March 1, 2033.

Extraordinary Redemption Upon Determination of Taxability: Upon a determination of taxability, the College may opt to redeem the 2023 Bonds at a price of par plus accrued interest.

Rating:

The 2023 Bonds are expected to be rated by Moody's Investors Service ("Moody's"). Moody's most recently confirmed the College's outstanding credit rating of "Aa2" with a stable outlook in their annual comment on Carleton published on November 17, 2022. A rating meeting with Moody's, the College, and other financing team members was conducted on June 28, 2023, and a rating for the 2023 Bonds is expected to be published during the week of July 17, 2023.

Bank Qualification: The 2023 Bonds will not be designated as "qualified tax-exempt obligations" for tax purposes.



Security:	The 2023 Bonds will be issued by the Authority and secured by loan repayments made by the College pursuant to a Loan Agreement between the Authority and the College, or from other amounts pledged pursuant to a Trust Indenture. The Bonds are general obligations of the College payable from its general funds and any other legally available moneys of Carleton. No priority interest in any College revenues is granted or pledged to payment of the bonds, and the 2023 Bonds will be issued on parity with the College's currently outstanding bonds.
Debt Service Reserve Fund:	A debt service reserve fund will not be funded with proceeds from the 2023 Bonds.
Credit Enhancement:	None.
Permitted Investments:	The College may choose to reinvest a portion of the new money proceeds until they are needed to finance the Projects; if so, all investments will be made into investments permitted under Minnesota statutes.
Financial Covenants:	The 2023 Bonds will not be subject to any financial covenants.
Continuing Disclosure:	The College will enter into a Continuing Disclosure Certificate for the benefit of beneficial owners of the 2023 Bonds, and will continue to comply with its existing Continuing Disclosure undertaking in place relating to its currently outstanding bonds.
Exhibits:	As noted in the application review, a chart showing the College's pro forma debt service requirements (broken out between existing debt service and the Series 2023 Bonds) is included as Exhibit A to this document. The College's most recent annual comment published by Moody's Investors Service in November 2022 is included for reference as Exhibit B.

MEMORANDUM

TO: Barry W. Fick
FROM: Taft Stettinius & Hollister LLP
DATE: July 12, 2023
RE: Application of Carleton College for MHEFA Financing

We have reviewed the Application of Carleton College (the “College”) dated June 2, 2023 (the “Application”), and have found it to be complete and satisfactory from a legal standpoint, subject to the following:

1. Purpose. The Application relates to financing for a project (the “Project”) consisting of the design, construction, improvement, demolition, equipping and furnishing of various facilities on the College's campus, including, but not limited to, (i) eleven (11) student townhomes in two locations with a total of 184 beds, and (ii) an approximately 21,000 square-foot multipurpose Student Health and Counseling Center.

The land, buildings, equipment, facilities and improvements described above constituting the Project proposed to be financed are sometimes collectively referred to in this Memorandum as the “Project Facilities.” All of the Project Facilities are or will be owned and operated by the College and located on or adjacent to the College’s campus, the principal street address of which is 1 North College Street, Northfield, Minnesota.

2. Incomplete Items. The following items required by the Application are missing or incomplete:

Evidence of Title. Nine title opinions with legal descriptions were submitted with the Application, showing one issue that needs to be cured. We will work with the College to ensure that this issue is cured by closing. An aerial depiction of the two sites was included with the Application; however, a plat map or other depiction of the project site showing the location of existing and proposed buildings and the relationship to the legal descriptions covered by the title opinions was not submitted. We will work with the College to obtain an updated survey, plat map or other property depiction, prior to bond closing, to confirm that the College has good title (or other suitable interest) to the Project Facilities sites.

3. Financial Covenants; Prior Commitments. The Application and the notes to the College's most recent financial statements indicate that the College has long-term debt consisting of the Authority's Series 2017 Bonds (the "Series 2017 Bonds"), which are not being refinanced by the proposed bonds and will remain outstanding. Other than the Authority's standard rates and charges provision in the Loan Agreement, no financial covenants were entered into by the College when the Series 2017 Bonds were issued. The College, in connection with other obligations, may have entered into specific financial covenants. Prior to the issuance of the proposed bonds, the College and its accountants and counsel should examine all such prior covenants and provide the Authority with the information necessary to demonstrate both current compliance, and whether issuance of the proposed bonds will cause an event of noncompliance. Any prior liens, pledges, commitments, or covenants that will remain in place following the issuance of the proposed bonds should be identified and disclosed in any offering documents if any mortgages on the Project Facilities are contemplated as security for the proposed obligations, and also within the context of the College's pledge of its full faith and credit.

4. \$150 Million Limit on Tax Exempt Non-Hospital Bonds Under Section 145(b) of Internal Revenue Code. According to the 2022-2023 Catalog and its website, the College was founded in 1866 by the Minnesota Conference of Congregational Churches. The Catalog states that it was agreed at the outset that formal church control should end after one year, but throughout its formative years the College received significant support and direction from the Congregational churches. The Catalog further states that, although the College "is now autonomous and non-sectarian, the College respects these historical ties and gives continuing recognition to them through membership in the Council for Higher Education of the United Church of Christ."

However, the College has stated in the Application that it does not receive support from any religious body, that no church body controls the election of trustees and that the consent of another religious body is not required in order for the College to mortgage its property or borrow money. Our review of the College's Articles of Incorporation and Bylaws submitted with the Application discloses no provision that would afford any Congregational organization (or any other religious organization) any control over the College or its Board of Trustees.

Such concerns have potential significance because Internal Revenue Code Section 145(b) limits the aggregate amount of outstanding qualified 501(c)(3) non-hospital bonds from which any 501(c)(3) organization may benefit to \$150 million. For purposes of this rule, two or more organizations under common management or control are treated as one organization.

A 1997 amendment to Section 145(b) excluded from the \$150 million limit tax exempt nonhospital bonds issued after August 5, 1997 as part of an issue 95 percent or more of the net proceeds of which (including issuance costs) are to be used to finance capital expenditures incurred after that date. Proceeds of the proposed tax-exempt bonds will be used to finance capital improvements, namely, the Project Facilities.

We note that the outstanding Series 2017 Bonds were issued after August 5, 1997 and financed in part capital costs incurred after that date. However, the Series 2017 Bonds also current refunded the Authority's Series Five-G Bonds and the Series Six-D Bonds, and advance refunded

the Series Six-T Bonds and the Series Seven-D Bonds. The Series Five-G Bonds, the Series Six-T Bonds and the Series Seven-D Bonds were issued after August 5, 1997, and financed capital costs incurred after that date. The Series Six-D Bonds were issued after August 5, 1997, and financed in part capital costs incurred after that date; however, a portion of the Series Six-D Bonds also refunded the Authority's Series Three-L1 Bonds and the Series Four-N Bonds, which bonds were issued prior to August 5, 1997. Accordingly, the portion of the Series 2017 Bonds allocable to the refunding of that portion of the Series Six-D Bonds that was used to refund the Series Three-L1 Bonds and the Series Four-N Bonds are subject to the \$150 million aggregate limit.

In sum, the proposed bonds will finance capital expenditures incurred after August 5, 1997, and will not be subject to the \$150 million limit. However, that portion of the outstanding Series 2017 Bonds allocated to the prior refunding portion of the Series Six-D Bonds are subject to the \$150 million aggregate limit.

We will prepare for the closing certificates a debt schedule evidencing satisfaction of the \$150 million limit.

We find no basis for extending the reach of Section 145(b) so broadly as to include any Congregational organizations, but we will verify that no organizational changes have occurred with respect to the College which might change the conclusion that aggregation with any other organization is not required.

5. Establishment of Religion Concerns. The Application contains a number of statements and other items in support of a conclusion that the College is not a "sectarian" institution for the purposes of applying Establishment of Religion clause limitations. In particular, the relevant organizational documents, general statements contained in official College publications, admissions standards, and faculty hiring and tenure requirements support the conclusion that the College follows academic freedom in the classroom and nondiscrimination practices in faculty and student recruitment, retention and promotion.

It should also be noted that the College has responded in the negative to various questions relating to religious matters in the Application and has explicitly supported the principles of academic freedom in the Faculty Handbook.

On these facts, and under existing judicial interpretation of the Establishment of Religion Clause, including Tilton v. Richardson, 403 U.S. 672 (1970), Hunt v. McNair, 413 U.S. 734 (1973), and Roemer v. Board of Public Works in Maryland, 426 U.S. 736 (1976), and applied in Minnesota Higher Education Facilities Authority v. Hawk, 305 Minn. 97, 232 N.W.2d 106 (1975), we conclude that Authority financing of the Project Facilities proposed by the College will not violate Establishment of Religion clause limitations.

6. Rebate, Two Year, 18-month and 6-month Spend-Down Exceptions. The Application indicates that work on one element of the Project Facilities, namely, the student housing, commenced in April of 2023, and is estimated to be substantially completed by September of 2024, a period of approximately seventeen months, while construction of the Student

Health and Wellness Center is expected to commence in June of 2024 and be completed by September of 2025, a construction period of approximately 14 months but just over two years from the expected date of issuance of the proposed bonds. The requirement to pay arbitrage rebate for the bonds has three exceptions which are related to the speed in which the proceeds of the bonds are spent: the 2-year exception, the 18-month exception and the 6-month exception.

Looking at the proposed schedule provided by the College, the 2-year or 18-month exception may apply to the housing project already under construction, but it is not clear whether any of the exceptions would apply to the Student Health and Wellness Center. However, bond counsel and the municipal advisor for the College will work with the College regarding the timing of the proposed bond issue and the construction schedule to determine whether an exception would be possible.

The following is a summary of each exception:

a. The Revenue Reconciliation Act of 1989 (the “1989 Act”), as amended by a technical corrections act in 1990, created a two-year exception (the “2-year exception”) from the requirement to pay arbitrage rebate for governmental and 501(c)(3) bonds which meet the definition of a “construction issue” - that is, a bond issue for which at least 75 percent of net proceeds will be expended for “construction expenditures.” “Construction expenditures” are costs of construction chargeable to the capital account (other than expenditures for land or existing real property). Construction expenditures include costs of fixtures such as heating, ventilating and air conditioning, costs of equipment depreciated over a period of a year, and certain computer software.

To comply with this exception, all available construction proceeds of the issue must be spent within two years from the date of closing on the bond issue: 10% within 6 months, 45% within one year, 75% within 18 months, and 95% to 100% within two years with an extension to three years for up to 5% retained from contractors. For the purposes of the proposed bond issue, “available construction proceeds” which must be spent on schedule generally includes investment earnings, but excludes amounts used to fund a reserve fund and issuance costs. Investment earnings on the reserve fund during the construction period must be spent on schedule for project costs, including interest but not principal on the bonds or, if the College so elects, must be rebated. This 2-year exception is in addition to the six-month exception created under prior law. Rebate would still be payable on reserve fund investment income, if any (to the extent the yield of the investments exceeds the bond yield) after the construction period, but the 2-year exception offers potentially significant savings.

b. Under Treasury Department Regulations, a second exception was created for proceeds, including reasonably expected investment earnings as determined at closing, which are spent within 18 months (6 months - 15%, 12 months - 60% and 18 months - 100%), except for a *de minimis* amount or a reasonable retainage which must be spent within 30 months of the bond closing date. This exception is not limited to construction purposes.

c. The 1989 Act also created an exception for proceeds (whether for refunding, equipment or construction) that are spent in six months.

7. Reimbursement Regulations. As noted above, the College has indicated in its Application that work on portions of the Project Facilities began in April 2023. The Internal Revenue Service has adopted rules for determining when an issuer may use bond proceeds to reimburse expenditures made before the bonds are issued. The College has adopted a resolution declaring official intent to reimburse effective February 10, 2023, and therefore, the College can be reimbursed for Project expenditures paid (as opposed to incurred but not paid) prior to the bond closing. In addition, the College may be reimbursed for certain preliminary expenditures and in amounts considered to be *de minimis*. We will work with the College to identify reimbursable costs and to protect the College's ability to finance expenditures made before the bonds are issued.

The College must use proceeds from a bond issue to reimburse itself for prior expenditures within 18 months from the later of (i) the date that the original expenditure is paid or (ii) the date that an element of the Project Facilities is placed in service (but in no event more than three years after the original expenditure is paid). "Placed in service" means the date on which the project or facility has reached a degree of completion which would permit its operation at substantially its design level and it is in operation at such level. The College should expect to be reimbursed from bond proceeds shortly after the closing.

8. Project Contracts. The College has entered into a construction contract or contracts for both elements of the Project Facilities. At the time of bond closing, the College must be able to demonstrate that it is or will be in a position to commence construction of the remainder of the Project Facilities and to confirm the cost estimates therefor which were provided in the Application. The College should provide copies of fixed price or guaranteed maximum price contracts to the Authority and bond counsel.

9. Governmental Approvals. The College has indicated in the Application that zoning variances/changes and building permits have been received, or are pending, but the issuance of the pending building permits is expected following bond closing. The Application indicates that other governmental approvals, environmental assessment worksheets or environmental impact statements, are not applicable.

10. Use of Project Facilities by Business Enterprises. If the College has or will have use by a private party of the financed facilities in a trade or business, including a contract with a for-profit private enterprise to provide services in connection with any of the financed facilities, we will need to review the contract to ensure compliance with guidelines relating to private use established in the Internal Revenue Code and related regulations in Revenue Procedures 97-13, 97-14, 2001-39, 2016-44 and 2017-13 (together, "Private Use Rules"). "Private use" could arise from agreements with a food service contractor or from use with respect to parking or skyway connections. The College indicated in the Application that it does not expect any such activity to be carried on in the Project Facilities, but we think some further inquiry would be prudent to determine whether there is any "private use." Discovery of "private use" may necessitate that the College use its own funds to finance the private use facility (and allocated common areas) and to

follow the guidelines in the Private Use Rules to preserve tax-exempt financing for the rest of the financed facilities.

Section 145(a) of the Internal Revenue Code provides that no more than five percent of the net proceeds of an issue may be used by any person other than a 501(c)(3) organization or governmental unit, or in a trade or business unrelated to the exempt purposes of the College. Even if a food service or other management contract, or use of parking, or other use of the Project Facilities, does not generate unrelated business income for the College, such agreements may constitute “use” of facilities of the College by a private (and nonexempt) entity which could render the bonds used to finance the facilities taxable. The Private Use Rules are lengthy and complex and will require careful review and application. The Private Use Rules require that the costs of issuance (a maximum of two percent payable from bond proceeds) be counted against the five percent limit of private use, leaving only three percent available for other private use.

Subject to certain restrictions, the Private Use Rules would permit parts of the Project Facilities which are “used” by a private entity to be financed by tax-exempt bonds. We will need to examine the intended “use” of the Project Facilities to determine the applicable restrictions.

Any change in use or ownership of the Project Facilities or any portion thereof should be undertaken only with advice of bond counsel and, in some cases, advance arrangement of a “remedial action” under Treasury Regulations Section 1.141-12.

11. Litigation. The College has indicated that no litigation is pending or threatened against the College. If there is any change in such status prior to closing, the College should promptly notify the Authority, the municipal advisor and bond counsel and provide a description of such litigation.

12. Sinking Fund Proceeds; Replacement Proceeds. The Application states that the funds to pay debt service on the proposed bonds will be derived from the College’s general operations, additional revenues from the Project, and funds from a restricted gift. No pledge of collateral is proposed. This financial structure is similar to other recent Authority financings.

In the Application, the College has indicated that income from an endowed, restricted gift (originally made in 2013) will cover a portion of debt service expense. In addition, the notes to the College’s financial statements indicate that the College, as of June 30, 2022, had substantial unrestricted, temporarily restricted and restricted assets available for various purposes. The arbitrage regulations adopted by the Internal Revenue Service impose limits on the yield on investments of “gross proceeds” of tax-exempt bonds. “Gross proceeds” include not only the actual proceeds received from the issuance and sale of bonds but also other monies characterized as “replacement proceeds.” Amounts are “replacement proceeds” under the regulations if it is concluded that such amounts would have been used for the governmental purpose for which the bonds were issued (here, financing of the Project Facilities) had proceeds of the bonds not been used for that governmental purpose. Amounts also may be replacement proceeds if they are held or expected to be used to pay debt service on bonds, or are subject to a negative pledge or maintenance covenant. The mere availability or preliminary earmarking of funds for such purposes

July 12, 2023

Page 7

does not, in itself, necessarily lead to the conclusion that such funds would have been used for the governmental purpose of the bonds and thus are replacement proceeds. We will confer with the College and its counsel to confirm compliance with the replacement proceeds rules, particularly the gift expected to be used to pay a portion of the debt service on the proposed bonds and if gifts are expected to pay some of the Project costs.

RESOLUTION RELATING TO
APPLICATION FOR
CARLETON COLLEGE

Be It Resolved by the Minnesota Higher Education Facilities Authority as follows:

1. The Authority acknowledges receipt of the Application, dated June 2, 2023 and received June 7, 2023, of Carleton College, a Minnesota nonprofit corporation (the “College”), as owner and operator of Carleton College (the “Institution”), and exhibits thereto, including an Indemnity Agreement and an application fee in the amount of \$1,000 (the “Application”), to finance costs of a project (the “Project”) consisting of the design, construction, improvement, demolition, equipping and furnishing of various facilities on the Institution’s campus, including, but not limited to, (i) eleven (11) student townhomes in two locations with a total of 184 beds, and (ii) an approximately 21,000 square-foot multipurpose Student Health and Counseling Center.

2. The facilities and improvements constituting the Project to be financed are hereinafter referred to as the “Project Facilities.” The Project Facilities are or will be owned and operated by the College and located on or adjacent to the Institution’s campus, the principal street address of which is 1 North College Street, Northfield, Minnesota.

3. The Executive Director, in consultation with the Chair of the Authority, has selected a date for a public hearing to be held with respect to the Application in conjunction with a meeting of the Authority and has caused notice of the public hearing to be given by posting electronically on the Authority’s public website in an area used to inform the public of meetings of the Authority, no fewer than seven days prior to the date of the hearing.

4. In accordance with Section 147(f) of the Internal Revenue Code, this Authority conducted a public hearing on July 19, 2023, on the proposal described in the Application to finance the Project, at which public hearing all parties who appeared in person or by toll-free teleconferencing, or who submitted written comments, were given an opportunity to express their views with respect to the proposal.

5. Officers of the College have presented to this Authority information concerning the need for the Project, the feasibility of the Project, the Project Facilities, the financing schedule for the Project, and responded to other matters concerning the Project, the Project Facilities, the Institution and the College.

6. The Executive Director of the Authority, Taft Stettinius & Hollister LLP, Bond Counsel, and Blue Rose Capital Advisors, LLC, municipal advisor to the College (the “Municipal Advisor”) have reviewed the Application and the exhibits thereto, and recommend that the Authority approve the Application as submitted, subject to the conditions herein set forth.

7. On the basis of the information contained in the Application and its exhibits and presented orally to the Authority and to the Executive Director, Bond Counsel and Municipal Advisor, and on the basis of the recommendations made, the Authority hereby finds and determines that:

(a) The College is a nonprofit corporation and the Institution is an institution of higher education in the state, eligible to be a participating institution of higher education under Sections 136A.25 to 136A.42, Minnesota Statutes, as amended (the “Act”).

(b) The Project as described in the Application is eligible for financing by the Authority and is a “project” under the Act.

(c) The Project Facilities and the financing thereof are intended for and will provide for additional educational opportunity to the current and future generations of youth of the state in nonprofit institutions of higher education and will otherwise carry out the purposes and policies of the Act.

(d) The Institution is nonsectarian and does not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed and does not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect and all courses of study, including any religion and theology courses, are taught according to the academic requirements of the subject matter and the instructor’s concept of professional standards.

(e) The Institution admits students without unlawful discrimination, and does not exclude, expel, limit or otherwise unlawfully discriminate against enrolled students in accordance with Minnesota Statutes, Section 363A.13.

(f) The Project Facilities are available to the students of the Institution without unlawful discrimination in accordance with Minnesota Statutes, Section 363A.13.

(g) Issuance of revenue obligations by the Authority will not have the primary purpose or effect of advancing religion or interfering with the free exercise of religion and will not provide financing for a facility used or to be used for sectarian instruction or as a place of religious worship or a facility which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(h) The Project and issuance of revenue obligations appear feasible.

8. The Project and the financing thereof by the issuance of revenue obligations of the Authority in the maximum aggregate principal amount of \$76,000,000 are therefore approved, provided that the College shall furnish any items which are needed to complete the Application or which are reasonably required by Bond Counsel in order to deliver an unqualified opinion as to the validity of the revenue obligations and tax status of the interest on the revenue obligations.

9. The Executive Director shall direct Bond Counsel and the Municipal Advisor to prepare and submit recommendations as to the terms of financing and the forms of financing documents, including, if necessary, a loan agreement and a trust indenture or a loan and note purchase agreement, a bond purchase agreement or a note placement agreement or similar agreement, a mortgage, if any, an official statement or a private placement memorandum, if any, and related documents and resolutions, to the Authority and to the College for consideration and approval.

10. The Authority and the College each respectively reserves its right to terminate the Project and the financing thereof under the Act as provided in the Indemnity Agreement.

Adopted: July 19, 2023.

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By _____
David D. Rowland, Chair

By _____
Bonnie Anderson Rons, Secretary

Approved: _____
Governor, State of Minnesota

Date Approved: _____



BLUE ROSE

CAPITAL ADVISORS

July 11, 2023
Minnesota Higher Education Facilities Authority
Mr. Barry W. Fick, Executive Director
860 Blue Gentian Road, Suite 145
Eagan, MN 55121

Dear Mr. Fick & Authority Board Members:

As the independent registered municipal advisor for Carleton College (“Carleton” or the “College”), we are pleased to provide the following review of the application submitted by the College to the Minnesota Higher Education Facilities Authority (“MHEFA” or the “Authority”) and a summary of the preliminary plan of finance for the College’s proposed Series 2023 Bonds (“the 2023 Bonds”). The College plans to issue the 2023 Bonds to generate new money proceeds for several projects on campus, detailed further below. Summary information about the financing is shown below, followed by further detail regarding Carleton’s current credit and debt profile along with a more detailed review of the full plan of finance.

Summary of Carleton College Series 2023 Financing

Estimated Par Amount (as of 7/11/23)*	\$70,000,000
Financing Purpose	New Money
The Projects	New Student Townhomes (~\$57.2M) Student Health and Counseling Center (~\$18.8M)
Anticipated Pricing Date*	TBD (Estimated: mid-August)
Anticipated Closing Date*	TBD (Estimated: early September)
First Interest Payment Date	March 1, 2024
First Principal Payment Date	March 1, 2031
Final Maturity Date*	March 1, 2053
Lead Underwriter	Barclays
Co-Managing Underwriter	RBC Capital Markets
Bond Counsel	Taft Stettinius & Hollister

** Preliminary; subject to change*

Based on our review of the project and preliminary financing plan (detailed further on the following pages), Blue Rose is confident that the financing can be successfully marketed by the underwriters and the resulting debt service can be funded comfortably by the College. We will also be attending the Authority’s meeting on Wednesday, July 19th to present our review of the College’s application and the plan of finance summary, as well as to answer any questions on the information contained in this letter.

Sincerely,

Max Wilkinson, Vice President

Erik Kelly, President



Carleton College

Founded in 1866, the College is a private, co-educational, residential liberal arts college. The College is a national college enrolling approximately 2,007 students drawn from nearly all 50 states and over 35 different countries.

The College is a four-year college that offers the Bachelor of Arts degree. Widely regarded as a top college for undergraduate teaching, Carleton is known for its academic rigor, intellectual curiosity, and sense of humor. Its students can choose from more than 1,000 courses in 33 major fields of study across mathematics, the arts, humanities, natural sciences, and social sciences, as well as numerous interdisciplinary programs, off-campus study programs, area studies or concentrations. The College occupies 1,040 scenic acres of campus, arboretum, and athletic fields, located in Northfield, Minnesota, roughly 40 miles south of Minneapolis and Saint Paul.

Enrollment and Demand

The College's full-time enrollment and application trends for the last ten fall semesters are provided below. Carleton has maintained a relatively stable enrollment over this timeframe, with a slight decline in fall 2020 (the result of a smaller incoming class at the onset of the COVID-19 pandemic combined with a large graduating class in 2020) that is expected to return to pre-COVID levels after the smaller class of 2024 graduates. Selectivity and application totals have also improved over the past decade, culminating in an acceptance rate of 16.6% from a pool of 8,583 applicants for the most recent incoming freshman class in fall 2022.

<u>Year</u>	<u>Applicants</u>	<u>Acceptances</u>	<u>Matriculants</u>	<u>Acceptance Ratio</u>	<u>Matriculation Ratio</u>	<u>FTE Enrollment</u>
2013-14	7,045	1,476	527	21.0%	35.7%	2,023
2014-15	6,297	1,434	521	22.8%	36.3%	2,042
2015-16	6,722	1,388	491	20.6%	35.4%	1,995
2016-17	6,485	1,467	567	22.6%	38.7%	2,045
2017-18	6,499	1,378	522	21.2%	37.9%	2,023
2018-19	7,092	1,407	529	19.8%	37.6%	2,046
2019-20	7,382	1,400	525	19.0%	37.5%	2,069
2020-21	6,892	1,460	453	21.2%	31.0%	1,918
2021-22	7,915	1,389	555	17.5%	40.0%	2,008
2022-23	8,583	1,427	532	16.6%	37.3%	2,007

Source: Carleton College Annual Continuing Disclosure Reports



Summary of Outstanding Debt

As of June 30, 2023, the College had \$103,445,000 of outstanding debt issued by the Authority for the College's benefit as shown below:

Minnesota Higher Education Facilities Authority: Long Term Debt

Issue Date	Issue	Original Par Amount	Par Amount 6/30/2023	Final Maturity	Mode	Purpose
5/24/2017	MNHEFA Revenue and Refunding Bonds, Series 2017	\$124,900,000	\$103,455,000	3/1/2047	Fixed	Various New Money Projects; Current Refunding of Series Five-G; Advance Refunding of Series Six-T and Seven-D
Total Par Amount		\$124,900,000	\$103,455,000			

Source: Carleton College FY 2022 Audited Financial Statements

While the proposed Series 2023 issuance of approximately \$70 million in principal amount represents an increase in leverage for Carleton (increasing its total debt burden by roughly 62%), we do not expect this increase to create any difficulties for the College given its healthy and strong financial position. Carleton's pro forma Total Cash and Investments to Debt ratio (based on Total C&I at the end of FY 2022) after the Series 2023 issuance is approximately 7.52x, which remains comfortably above the FY 2022 "Aa" category Moody's median ratio of 5.11x. In Moody's most recent annual comment on Carleton published in November 2022, the new financing was considered in their review of the College's credit position, but the rating agency stated that even with the new issuance Carleton's leverage "will remain low compared with peers." Additionally, the report highlighted the "robust coverage of both total adjusted debt and operating expenses" provided by the College's strong balance sheet. A summary of Carleton's current and pro forma annual debt service requirements is attached for reference as Exhibit A.

Credit Rating

The College is currently rated "Aa2" with a stable outlook by Moody's Investor's Service ("Moody's"). This rating was most recently confirmed through an annual comment published by Moody's in November 2022, attached here for reference as Exhibit B. An update call with the rating agency occurred on June 28, 2023, and an updated rating report is anticipated to be published in advance of MHEFA's upcoming meeting on July 19th.



The Projects

Carleton intends to utilize the proceeds of the 2023 Bonds to fund various improvements to the College's Northfield campus, including the demolition of existing buildings and the design, construction, renovation, improvement, and equipment of new student housing facilities along with a Student Health and Counseling Center. The projects will be financed through a combination of bond proceeds, College funds, and fundraising, and will be developed in two phases ("Phase A" and "Phase B"). Further details about the projects are provided below.

Phase A

Phase A of the College's projects consists of the following items:

- i) Construction of 107 new student beds near the Recreation Center at the former Lilac Hill
- ii) Demolition of Hunt Cottage and Hall House
- iii) Construction of 33 new student beds at the former Hunt Cottage/Hall House location, including integrated space for both a Black Center and a Multicultural Center.

Construction on elements of Phase A began in April 2023, and the College expects this phase of the projects to be completed in August 2024.

Phase B

Phase B of the College's projects consists of the following items:

- i) Demolition of Henry, Stimson, Williams, Berg, Clader, and Hernickson Houses
- ii) Construction of 44 new student beds
- iii) Construction of a new multi-purpose building to house Student Health and Counseling, Office of Accessibility Resources, Title IX, Community Standards, and Human Resources

Construction of Phase B is expected to commence in June 2024, and the College anticipates it to reach completion in August 2025.

The College's new housing units are designed and built to meet 'passive house' (or PHIUS, Passive House Institute of the US) standards, which is a highly energy efficient building standard. PHIUS standards include thick exterior walls, maximum insulation, and energy recovery ventilation that yield significant energy savings, carbon reduction, and excellent indoor air quality. With the addition of rooftop solar, the majority of the housing units will also be co-certified as Department of Energy Net Zero Energy Ready Homes (DOE ZERH). The Student Health and Counseling Center will be constructed to meet LEED Gold, which is the campus standard for construction.



Preliminary Financing Plan Summary

Minnesota Higher Education Facilities Authority

\$70,000,000*

Revenue Bonds, Series 2023

(Carleton College)

This preliminary financing plan summary represents Blue Rose Capital Advisors' review of the planned financing structure and is based on the most recent discussions with the College, the underwriters, and the Authority relating to the plan of finance. The College plans to issue long-term fixed rate bonds to fund its projects. The 2023 Bonds are expected to amortize over 30 years with a final maturity of March 1, 2053. The Bonds are anticipated to be structured so as to generate level annual debt service requirements after the commencement of principal amortization; however, an extended interest-only period (until the first payment of principal on March 1, 2031) is planned in order to minimize the short-term increase to total annual debt service for Carleton. Beginning in FY 2031, annual debt service requirements on the College's outstanding Series 2017 bonds meaningfully decrease, and as such the interest-only period will provide for more uniform annual debt service requirements on a portfolio level for Carleton, as demonstrated in the attached Exhibit A. The structure indicated below is preliminary and remains subject to revision prior to the pricing of the 2023 Bonds, which is expected to occur in mid-August of 2023.

Issuer: Minnesota Higher Education Facilities Authority

Borrower: Carleton College

Purpose: The College will use the proceeds of the 2023 Bonds to finance or reimburse itself for a portion of the costs of the following:

- 1) Demolition of certain existing buildings and design, construction, renovation, improvement, and equipment of:
 - a) New student housing facilities
 - b) A Student Health and Counseling Center
- 2) Payment of certain costs of issuance

Type of Sale: The 2023 Bonds will be sold through a negotiated, public underwriting. The College has selected Barclays as the lead underwriter for the financing, and RBC Capital Markets will serve as co-managing underwriter. The Bonds will be issued as federal and State of Minnesota tax-exempt fixed rate bonds.

Issue Size: The estimated total par amount of the 2023 Bonds is \$70,000,000*, and will be used to fund the Projects and pay the costs of issuance. The estimated par amount of the 2023 Bonds is less than the Authority's not-to-exceed amount



of \$76,000,000, and the College has no plans or desire to exceed this borrowing total.

**Preliminary; subject to change*

Costs of Issuance: Costs of issuance of up to 2% of the par amount of the 2023 Bonds may be funded with tax-exempt proceeds. Actual costs of issuance are not expected to exceed 2% of the par amount of the 2023 Bonds.

Bond

Denominations: Bond denominations will be \$5,000 and increments thereof.

Expected Pricing

Date: TBD (Anticipated: Mid-August 2023)

Expected Closing

Date: TBD (Anticipated: Early September 2023)

Interest Payments: Semi-annually, beginning March 1, 2024.

Principal Payments: Annually beginning on March 1, 2031, with a final maturity of March 1, 2053.

Amortization: The 2023 Bonds are expected to be structured to generate level annual debt service payments after the end of the interest-only period in FY 2031.

Redemption

Provisions: Optional Redemption: The College shall have the option to prepay the 2023 Bonds maturing on or after March 1, 2034 at any time, in whole or in part, without penalty beginning on or after March 1, 2033.

Extraordinary Redemption Upon Determination of Taxability: Upon a determination of taxability, the College may opt to redeem the 2023 Bonds at a price of par plus accrued interest.

Rating:

The 2023 Bonds are expected to be rated by Moody's Investors Service ("Moody's"). Moody's most recently confirmed the College's outstanding credit rating of "Aa2" with a stable outlook in their annual comment on Carleton published on November 17, 2022. A rating meeting with Moody's, the College, and other financing team members was conducted on June 28, 2023, and a rating for the 2023 Bonds is expected to be published during the week of July 17, 2023.

Bank Qualification: The 2023 Bonds will not be designated as "qualified tax-exempt obligations" for tax purposes.



Security:	The 2023 Bonds will be issued by the Authority and secured by loan repayments made by the College pursuant to a Loan Agreement between the Authority and the College, or from other amounts pledged pursuant to a Trust Indenture. The Bonds are general obligations of the College payable from its general funds and any other legally available moneys of Carleton. No priority interest in any College revenues is granted or pledged to payment of the bonds, and the 2023 Bonds will be issued on parity with the College's currently outstanding bonds.
Debt Service Reserve Fund:	A debt service reserve fund will not be funded with proceeds from the 2023 Bonds.
Credit Enhancement:	None.
Permitted Investments:	The College may choose to reinvest a portion of the new money proceeds until they are needed to finance the Projects; if so, all investments will be made into investments permitted under Minnesota statutes.
Financial Covenants:	The 2023 Bonds will not be subject to any financial covenants.
Continuing Disclosure:	The College will enter into a Continuing Disclosure Certificate for the benefit of beneficial owners of the 2023 Bonds, and will continue to comply with its existing Continuing Disclosure undertaking in place relating to its currently outstanding bonds.
Exhibits:	As noted in the application review, a chart showing the College's pro forma debt service requirements (broken out between existing debt service and the Series 2023 Bonds) is included as Exhibit A to this document. The College's most recent annual comment published by Moody's Investors Service in November 2022 is included for reference as Exhibit B.

RESOLUTION RELATING TO FINANCING TERMS FOR CARLETON COLLEGE

Be It Resolved by the Minnesota Higher Education Facilities Authority as follows:

1. This Authority has received and held a public hearing with respect to, and adopted a Resolution Relating to Application for Carleton College, a Minnesota nonprofit corporation (the “College”), as owner and operator of Carleton College (the “Institution”) to finance costs of a project (the “Project”) consisting of the design, construction, improvement, demolition, equipping and furnishing of various facilities on the Institution’s campus, including, but not limited to, (i) eleven (11) student townhomes in two locations with a total of 184 beds, and (ii) an approximately 21,000 square-foot multipurpose Student Health and Counseling Center.

The facilities and improvements constituting the Project to be financed are hereinafter referred to as the “Project Facilities.” The Project Facilities are or will be owned and operated by the College and located on or adjacent to the Institution’s campus, the principal street address of which is 1 North College Street, Northfield, Minnesota.

2. The Authority has received assurances that all conditions to be met by the College as provided in the Resolution referenced above (the “Resolution”) have been, or will be timely, met and complied with.

3. There has not been disclosed to the Authority any material adverse change in the financial condition, operations or status of the College or the Institution or in the Project or the Project Facilities or otherwise relating to the said Application that would affect the Resolution or the financing of the Project as proposed.

4. The Authority hereby ratifies and confirms all action heretofore taken with respect to the Application of the College.

5. As provided by the Resolution, Blue Rose Capital Advisors, LLC, as municipal advisor to the College, has reviewed the terms set forth in the Application Review and Financing Plan, dated July 11, 2023 (the “Financing Plan”), recommending the issuance of Revenue Bonds, Series 2023 (Carleton College) in the maximum aggregate principal amount of \$76,000,000 (the “Bonds”) to provide financing for the Project, which terms are hereby approved.

6. At the request and with the consent of the College, and with the advice of the College’s municipal advisor, the Executive Director of the Authority has recommended the selection of Barclays Capital Inc. and RBC Capital Markets, LLC, as co-managers and underwriters (the “Underwriters”).

7. Upon the recommendation of the College’s municipal advisor and bond counsel to the Authority and the approval of the College, the Executive Director may execute and deliver on behalf of the Authority a Bond Purchase Agreement whereby the Authority agrees to sell and the Underwriters agree to purchase the Bonds in the maximum aggregate principal amount of \$76,000,000, to be issued in one or more series, bearing a fixed rate or rates of interest at a true interest cost not to exceed 6.0% and a price of not less than 98% of the principal amount of the Bonds plus accrued interest (or in the alternative, providing for underwriting compensation of

not more than 2% of the principal amount of the Bonds plus accrued interest) subject to the terms and conditions set forth herein and in the Bond Purchase Agreement.

8. The Executive Director shall direct bond counsel to the Authority or other legal counsel to prepare for review by the Executive Director, the College and the Underwriters all necessary bond documents, including a Loan Agreement, a Trust Indenture, a Bond Purchase Agreement, a Mortgage (if necessary), a Continuing Disclosure Certificate, and all other documents deemed necessary or desirable consistent with the provisions of the Financing Plan and substantially similar to the bond documents for revenue bonds most recently issued and sold by the Authority, but with appropriate changes.

9. The Executive Director shall cause to be prepared an Official Statement and any Preliminary Official Statement in consultation with the Underwriters, the College, and bond counsel setting forth all material facts with respect to the Bonds, the Project, the Project Facilities, the Authority, the College and the Institution. Upon recommendation of the College's municipal advisor and the bond counsel, such Official Statement or any Preliminary Official Statement shall be deemed by the Executive Director (or with his approval, the College) to be the final official statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authority hereby consents to the preparation of the Official Statement in such deemed final form and the distribution by the Underwriters in offering the Bonds for sale to the public and to any changes to the Official Statement to reflect the final terms of the Bonds and the related bond documents. Notwithstanding such consent, the Authority takes no responsibility for, and makes no representations or warranties as to, the accuracy, sufficiency or completeness of the Official Statement (other than information relating to the Authority).

10. The Underwriters are authorized to distribute the Official Statement and any Preliminary Official Statement for pricing purposes, provided that prior to the distribution, if recommended by bond counsel, an application for registration of the Bonds shall be filed under the Minnesota Securities Act, Chapter 80A, Minnesota Statutes. Prior to the execution of the Bond Purchase Agreement, bond counsel shall advise the Executive Director that such registration shall have been made effective by the Minnesota Department of Commerce or that registration is not required for offer and sale of the Bonds in Minnesota.

11. Notwithstanding the foregoing provisions, the Bonds shall not be issued and delivered and the bond documents (other than the Bond Purchase Agreement) shall not be executed and delivered without the further action and approval and adoption of a Series Resolution with respect to the Bonds by the Authority.

12. Upon the recommendation of the College and the College's municipal advisor, the Executive Director is authorized to select a Trustee for the Bonds, which shall also act as paying agent and registrar.

13. The Authority and the College each respectively reserves its right to terminate the Project and the financing thereof under the Act as provided in the Indemnity Agreement.

Adopted: July 19, 2023.

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By: _____
David D. Rowland, Chair

By _____
Bonnie Anderson Rons, Secretary

SERIES RESOLUTION

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES 2023 (CARLETON COLLEGE)

BE IT RESOLVED by the Minnesota Higher Education Facilities Authority, as follows:

1. Pursuant to the resolutions adopted on this same date (the “Prior Resolutions”), the Authority has (a) approved the Application of Carleton College, a Minnesota nonprofit corporation (the “College”), as owner and operator of Carleton College, to finance costs of project facilities more fully described therein, (b) conducted a public hearing in connection therewith as required by law; (c) authorized the issuance and sale of the Authority’s Revenue Bonds, Series 2023 (Carleton College) (the “Bonds”); and (d) directed the preparation of documents, including an Official Statement. All provisions and findings of the Prior Resolutions are hereby ratified and confirmed except to the extent amended hereby and incorporated herein.

2. The Prior Resolutions authorized Bonds to be issued in the maximum aggregate principal amount of \$76,000,000. The College has requested that the Bonds be issued as one or more series of bonds in an aggregate principal amount not to exceed \$76,000,000, the interest on which will be excluded from gross income of the bondholders pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).

3. The Executive Director, on behalf of the Authority, is authorized and directed to take all action necessary or desirable to negotiate the sale of the Bonds, provided that the Bonds shall mature not later than December 31, 2053 the principal amount of the Bonds shall not exceed \$76,000,000, the true interest cost shall not exceed 6.0% per annum, and the purchase price shall be not less than 98% of the principal amount of the Bonds plus accrued interest, if any (or in the alternative providing for underwriting compensation of not more than 2% of the principal amount of the Bonds plus accrued interest). Upon the recommendation of the College's municipal advisor and bond counsel and with the approval of the College, the Executive Director shall execute and deliver, on behalf of the Authority, a Bond Purchase Agreement. A schedule summarizing the maturities, interest rates, yields or issue prices and other terms and provisions of the Bonds, and the purchase price and other particulars related to the sale of the Bonds, shall be made available to the Authority at the next regularly scheduled meeting of the Authority following the execution of the Bond Purchase Agreement. This Authority hereby authorizes the issuance and delivery of the Bonds and no further approval by this Authority is required.

4. The forms of the following documents relating to the Bonds have been made available to the Authority:

(a) Loan Agreement (“Loan Agreement”) between the Authority and the College, expected to be dated as of September 1, 2023.

(b) Trust Indenture (“Indenture”) between the Authority and Computershare Trust Company, National Association, as trustee (the “Trustee”), expected to be dated as of September 1, 2023.

(c) Continuing Disclosure Certificate made by the College, expected to be dated as of September 1, 2023.

The Chair, the Secretary and any officer authorized to act on behalf of the Chair or the Secretary are each, acting individually, authorized to execute, seal and deliver counterparts of the Loan Agreement and the Indenture, duly completed, for and in the name of the Authority, with all such changes and insertions therein as the officer executing the same shall approve, such approval to be evidenced conclusively by such officer’s signature. In addition, the Executive Director of the Authority is hereby authorized to furnish to the original purchaser of the Bonds a reasonable number of copies of the final Official Statement for purposes of such purchaser’s obligation to provide copies of the final Official Statement to customers and potential customers pursuant to MSRB Rule G-32 and Securities and Exchange Commission Rule 15c2-12, respectively.

5. The Bonds shall be in substantially the form set forth in the Indenture, and when printed in typeset or typewritten form shall be executed, sealed and delivered by the manual or facsimile signatures of the Chair or the Vice Chair and the Secretary or the Assistant Secretary of the Authority and submitted to the Trustee for authentication, all as more fully provided in the Indenture.

6. The appointment of Computershare Trust Company, National Association, as Trustee under the Indenture is hereby approved, ratified and confirmed.

7. Other than proceeds that will be used to pay a portion of the costs of issuance (including the underwriting discount), the proceeds of the Bonds shall be deposited as follows (capitalized terms have the meanings given them in the Indenture):

(a) The accrued interest on the Bonds, if any, and an amount representing capitalized construction period interest, if any, shall be deposited to the Bond and Interest Sinking Fund Account to be kept and maintained by the Trustee under the Indenture.

(b) All other proceeds of the Bonds shall be deposited to the Construction Account with the Trustee under the Indenture to be used and paid out by the Trustee for payment of the Project Costs, in accordance with the Indenture and the Loan Agreement.

8. As required by Sections 136A.25 to 136A.42, Minnesota Statutes, as amended (the “Act”), the officers of the Authority authorized to sign checks or otherwise handle funds of the Authority shall furnish a surety bond, executed by a surety company authorized to transact business in the State of Minnesota as surety and file the same in the office of the Secretary of State of Minnesota, subject to approval of the Attorney General, prior to delivery of the Bonds.

9. Pursuant to the recommendation of bond counsel, the Authority hereby finds and determines that a combination of mortgagee’s form or owner’s form of title insurance policy, or title insurance commitment, or owner and encumbrances reports, or title opinions, may be

furnished by the College as evidence of title to the Project Site (as defined in the Loan Agreement) and priority of liens.

10. The terms and provisions of the Bond Purchase Agreement and the documents listed in paragraph 4 of this Resolution as to which the Authority is a party and the Prior Resolutions are all approved, ratified and confirmed, except to the extent amended hereby. The officers of the Authority, the municipal advisor to the College and bond counsel are hereby authorized and directed to execute and deliver all closing documents and do every other thing necessary or convenient to carry out the terms and provisions of each such bond document to the end that the Bonds shall be delivered, secured and serviced and to carry out the purposes and provisions of the Act with respect thereto without further resolution or other action by this Authority.

Adopted: July 19, 2023.

MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

By _____
David D. Rowland, Chair

By _____
Bonnie Anderson Rons, Secretary